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From: Justin Hough@amat.com

Sent: Thursday, June 17, 2004 4:26 PM

To: Director - FASB

Subject: File Reference 1102-100: Accounting for Stock Options and ESPPs

To whom it may concern:

I am writing to express my opposition to changing the accounting treatment for stock options and Employee Stock Purchase Plans (ESPPs). I am certainly no expert on either, however both have made a significantly positive difference in my life. Also, it makes no sense to me for a company to report issued stock options and/or ESPPs on their mandatory financial reports as an expense when there is no way to accurately predict what the value of a company's stock is going to be in the future.

Letter of Comment No: 4462 File Reference: 1102-100

I began my career at Applied Materials in Santa Clara, California as a temporary employee back in 2000 with only a two-year college degree. I was extremely motivated to work at my best in order to get hired as a full-time employee, because as a full-time employee I knew I would be able to contribute to a 401k, ESPP and be granted stock options. Before the end of the year, I was hired and was immediately granted stock options. When I was able, I started contributing the maximum amount allowed to Applied Materials ESPP program. Unfortunately, the stock options I was granted never came "above water", but the fact that I was granted them in the first place made me feel valued by my employer (besides, it cost me nothing to receive the grant). On the otherhand, the ESPP contributions I made have significantly helped me and my family. The funds I have gained via Applied Stock I purchase through ESPP have allowed me to go back to school full-time and have allowed my wife to stay home for an extended time to raise our first child. I did have to voluntarily leave Applied Materials to pursue an engineering degree, but I am back working with Applied Materials as an Intern. I am absolutely going to participate in the ESPP program because I know that it offers me an immediate gain on my investment, if I choose to sell the stock as soon as I purchase it. Unless inflation rises above 15%, ESPP is a great deal.

As far as requiring a company to expense its employee stock option grants and ESPP stock sells, this makes absolutely no sense, especially for a tech company. The future value of a stock is impossible to predict. As an individual investor, yes I want to know if a company grants stocks to its employees, but I do not want something so inaccurate reported in the company's profit and loss statement. As an employee who benefits from stock granting programs, I do not want my company to have to scuttle their ESPP and stock option practices because of the problems changing the accounting rules will create.

Please consider my humble argument when deciding on this very important issue. I imagine the intention of the proposal to change the accounting rules regarding stock options is good, but misguided. I do get discouraged when I read about the compensation that CEOs receive after they downsize a large company, or how leaders in companies are motivated to due unethical acts in order to obtain short term gains to boost the value of their stock options. But I want my company, and the companies I invest in, to attract the very best men and women to lead the company. I believe stock options offer a company a valuable tool to attract the very best. I also believe stock options motivate all employees to work hard and smart. It gives them a real sense of ownership in their company.

Sincerely,

Justin Hough